

HOUSE BILL No. 1930

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.5.

Synopsis: CAGIT and COIT distributions. Provides that property tax replacement credits and certified shares from county adjusted gross income tax (CAGIT) revenue and distributive shares from county option income tax (COIT) revenue are distributed based on a unit's maximum permissible property tax levy, rather than the unit's proportional share of property tax levies imposed in the county.

Effective: January 1, 2000.

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January 26, 1999, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1930

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-3.5-1.1-12 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 12. (a) The part
3 of a county's certified distribution for a calendar year that is to be used
4 as property tax replacement credits shall be allocated by the county
5 auditor among the civil taxing units and school corporations of the
6 county.
- 7 (b) Except as provided in section 13 of this chapter, the amount of
8 property tax replacement credits that each civil taxing unit and school
9 corporation in a county is entitled to receive during a calendar year
10 equals the product of:
- 11 (1) that part of the county's certified distribution that is dedicated
12 to providing property tax replacement credits for that same
13 calendar year; multiplied by
- 14 (2) a fraction **expressed by the following:**
- 15 (A) The numerator of the fraction equals the ~~sum of the total~~
16 ~~property taxes being collected by~~ **maximum permissible ad**
17 **valorem property tax levy of** the civil taxing unit or school

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1 corporation during that calendar year plus, with respect to a
 2 civil taxing unit, the amount of federal revenue sharing funds
 3 and certified shares received by it during that calendar year to
 4 the extent that they are used to reduce its property tax levy
 5 below the limit imposed by IC 6-1.1-18.5 for that same
 6 calendar year.

7 (B) The denominator of the fraction equals the sum of the ~~total~~
 8 ~~property taxes being collected by~~ **maximum permissible ad**
 9 **valorem property tax levies of** all civil taxing units and
 10 school corporations plus the amount of federal revenue sharing
 11 funds and certified shares received by all civil taxing units in
 12 the county to the extent that they are used to reduce the civil
 13 taxing units' property tax levies below the limits imposed by
 14 IC 6-1.1-18.5 for that same calendar year.

15 (c) The state board of tax commissioners shall provide each county
 16 auditor with the amount of property tax replacement credits that each
 17 civil taxing unit and school corporation in the auditor's county is
 18 entitled to receive. The county auditor shall then certify to each civil
 19 taxing unit and school corporation the amount of property tax
 20 replacement credits it is entitled to receive (after adjustment made
 21 under section 13 of this chapter) during that calendar year. The county
 22 auditor shall also certify these distributions to the county treasurer.

23 SECTION 2. IC 6-3.5-1.1-14 IS AMENDED TO READ AS
 24 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 14. (a) In
 25 determining the amount of property tax replacement credits ~~that~~ civil
 26 taxing units and school corporations of a county are entitled to receive
 27 during a calendar year, the state board of tax commissioners shall
 28 consider only **the portion of the unit's or school corporation's**
 29 **maximum permissible ad valorem property tax levy that is equal**
 30 **to the ratio determined by dividing the property taxes imposed by**
 31 **the unit or school corporation** on tangible property that was assessed
 32 in that county **by the amount of all property taxes imposed by the**
 33 **unit or school corporation.**

34 (b) If a civil taxing unit or a school corporation is located in more
 35 than one (1) county and receives property tax replacement credits from
 36 one (1) or more of the counties, then the property tax replacement
 37 credits received from each county shall be used only to reduce the
 38 property tax rates that are imposed within the county that distributed
 39 the property tax replacement credits.

40 (c) A civil taxing unit shall treat any property tax replacement
 41 credits that it receives or is to receive during a particular calendar year
 42 as a part of its property tax levy for that same calendar year for

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purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-18.5.

(d) A school corporation shall treat any property tax replacement credits that the school corporation receives or is to receive during a particular calendar year as a part of its property tax levy for its general fund, debt service fund, capital projects fund, transportation fund, and special education preschool fund in proportion to the levy for each of these funds for that same calendar year for purposes of fixing its budget and for purposes of the property tax levy limits imposed by IC 6-1.1-19. A school corporation shall allocate the property tax replacement credits described in this subsection to all five (5) funds in proportion to the levy for each fund.

SECTION 3. IC 6-3.5-1.1-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 15. (a) As used in this section, "attributed levy" of a civil taxing unit means the sum of:

(1) the **maximum permissible** ad valorem property tax levy of the civil taxing unit ~~that is currently being collected~~ at the time the allocation is made; plus

(2) the current **maximum permissible** ad valorem property tax levy of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus

(3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the **maximum permissible** ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having

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an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of his county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 4. IC 6-3.5-6-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

- (1) replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county;
- (2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);
- (3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;
- (4) make payments permitted under IC 36-7-15.1-17.5;
- (5) make payments permitted under subsection (i); and
- (6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. This money shall be distributed to the civil taxing units and school corporations of the county as though they were property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to the allowance of an increased homestead credit.

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.



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(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of:

(1) the amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) a fraction. The numerator of the fraction equals the ~~total property taxes that are first due and payable to~~ **maximum permissible ad valorem property tax levy** of the civil taxing unit ~~during for~~ the calendar year in which the month falls. The denominator of the fraction equals the ~~total property taxes that are first due and payable to~~ **sum of the maximum permissible ad valorem property tax levies** of all civil taxing units of the county ~~during for~~ the calendar year in which the month falls.

(f) The state board of tax commissioners shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of:

(1) the amount to be distributed as distributive shares during that month; multiplied by

(2) a fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The state board of tax commissioners shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under



1 IC 36-7-27 in that county or in any other county if the county fiscal
 2 body determines that the project will promote significant opportunities
 3 for the gainful employment or retention of employment of the county's
 4 residents.

5 SECTION 5. IC 6-3.5-6-19 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 19. (a) In
 7 determining the fractional share of distributive shares **that** the civil
 8 taxing units of a county are entitled to receive under section 18 of this
 9 chapter during a calendar year, the state board of tax commissioners
 10 shall consider only **the portion of the unit's maximum permissible**
 11 **ad valorem property tax levy that is equal to the ratio determined**
 12 **by dividing the property taxes imposed on tangible property subject to**
 13 **assessment in that county by the unit by the amount of all property**
 14 **taxes imposed by the unit.**

15 (b) In determining the amount of distributive shares a civil taxing
 16 unit is entitled to receive under section 18(g) of this chapter, the state
 17 board of tax commissioners shall consider only the percentage of the
 18 civil taxing unit's budget that equals the ratio that the total assessed
 19 valuation that lies within the civil taxing unit and the county that has
 20 adopted the county option tax bears to the total assessed valuation that
 21 lies within the civil taxing unit.

22 (c) The distributive shares to be allocated and distributed under this
 23 chapter shall be treated by each civil taxing unit as additional revenue
 24 for the purpose of fixing its budget for the budget year during which the
 25 distributive shares is to be distributed to the civil taxing unit.

26 (d) In the case of a civil taxing unit that includes a consolidated city,
 27 its fiscal body may distribute any revenue it receives under this chapter
 28 to any governmental entity located in its county except an excluded
 29 city, a township, or a school corporation.

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